Labour Market

NOTES ■ August 2012

Alberta adds jobs in July; unemployment rate remains lowest in Canada

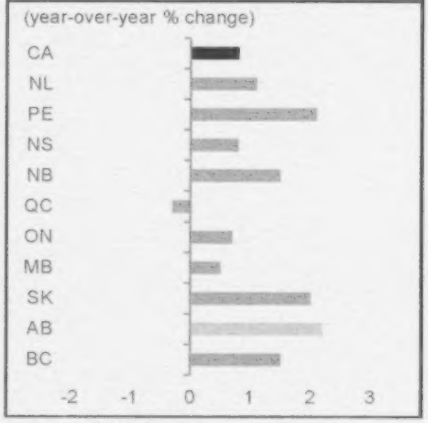
Alberta

- The province bounced back from June's job losses. Alberta gained 5,800 jobs in July, partly offsetting June's 8,600 job loss. July's increase was due to an impressive gain in full-time positions (15,300), while part-time positions declined (-9,600). Alberta has added 45,700 jobs since July 2011, representing a nation leading 2.2% increase.
- Unemployment rate held steady; lowest in the country. The job gains helped Alberta maintain its low unemployment rate of 4.6%. Alberta's rate is well below the national average of 7.3%.
- Job gains concentrated in the goods sector, while the services sector lost jobs. The goods sector added 13,400 jobs in July; the construction industry gained the most jobs (15,300), while the oil and gas sector posted the biggest loss (-7,400). The services sector lost 7,800 jobs, led by declines in health care and social assistance (-6,400) and wholesale and retail trade (-3,600).
- Weekly earnings dip, but remained highest in country. Average weekly earnings edged down 0.2% in May, following a 0.4% gain in April. Alberta employees earned on average $1,057.08 per week in May, a level 18.2% higher than the national average. Earnings were 1.4% higher than last June, a deceleration from year-over-year growth earlier in the year.

Canada

- National job numbers down in July. Canada lost 30,400 jobs in July following modest gains in June and May. Losses were concentrated in Quebec (-28,700) and British Columbia (-14,500), while Ontario (10,600), Alberta (5,800), and Nova Scotia (2,500) posted the largest gains. Canada has added 139,200 jobs (+0.8%) over the last 12 months, the weakest growth rate since February.
- Unemployment rate edges higher. The Canadian unemployment rate edged up 0.1 percentage points in July to 7.3% due to job losses.
- Weekly earnings post a decent gain. Canadian average weekly earnings were $894.61 in May, up 2.5% compared to the same month a year ago. National earnings growth was fueled by 5.4% year-over-year growth in Newfoundland and Labrador and Saskatchewan.

Employment Growth by Province, July 2012 vs. July 2011



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	July or Latest*
Employment	2,150,000
month-over-month change	5,800
year-over-year % change	2.2%
Alberta Unemployment Rate (UR)	4.6%
Edmonton UR (3-month moving average)	4.3%
Calgary UR (3-month moving average)	4.7%
Participation Rate	73.3%
Average Weekly Earnings (AWE)*	$1,057.08
year-over-year % change*	1.4%
Average Hourly Wage	$26.33
year-over-year % change	5.6%

Source: Statistics Canada

* All data is from the Labour Force Survey for July except AWE, which is from the May Survey of Employment, Payrolls and Hours.

Labour market measures explained

How is the labour market measured?

Labour market indicators such as wages, employment, and the unemployment rate impact people's living standards and are a key barometer for the overall economy. In Canada, there are two main sources of labour market data that are collected by Statistics Canada: the household survey (Labour Force Survey (LFS)) and the business survey (Survey of Employment, Payrolls and Hours (SEPH)).

The Labour Force Survey is the most timely labour market survey, often released the first Friday after the month of data. It presents data on employment, the unemployment rate, wages and labour market participation. It is the labour survey with the widest industry coverage. The LFS is a survey based on a sample of roughly 55,000 households across Canada.

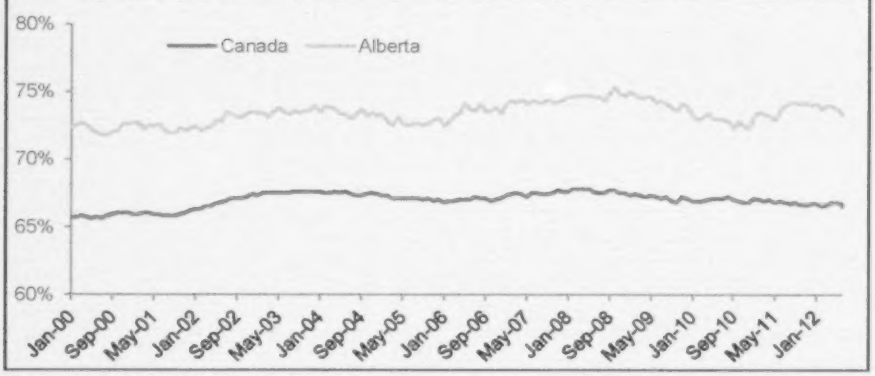
The SEPH data, by contrast, is gathered through a survey of businesses and is released 6 to 7 weeks after the month of data being reported. SEPH's most popular indicator is average weekly earnings, but it also contains employment estimates. SEPH's data appears less prone to sampling error than LFS's data because it collects information from all businesses in Canada, as opposed to collecting from a sample of households. However, SEPH does not contain estimates of self employment, the agriculture, fishing and trapping industries and religious organizations, which are captured in the labour force survey.

Employment, unemployment and the labour force

The ***labour force*** serves as the foundation for labour market data. To be considered a person part of the labour force, you must be at least 15 years of age and working or searching for work. A person is counted as searching for work, or unemployed, if they are without paid work, available for work and have met one of three conditions: 1) has actively searched for paid work in the past four weeks; 2) on temporary lay-off and expected to return to their job; 3) has definite arrangements to start a new job within four weeks. It is important to note that the labour force does not include students, stay at home parents, retired people, people who were in prisons or other institutions and discouraged workers who quit looking for work.

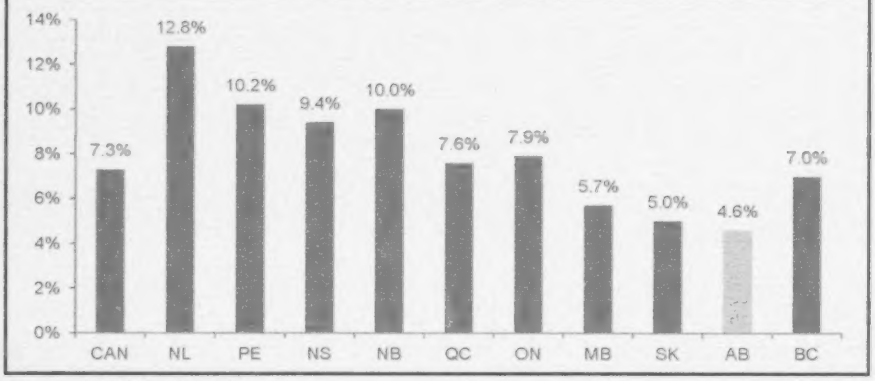
The ***participation rate*** is the percentage of the population aged 15 and over that is in the

Labour Force Participation Rate



Source: Statistics Canada

Unemployment Rate by Province, July 2012

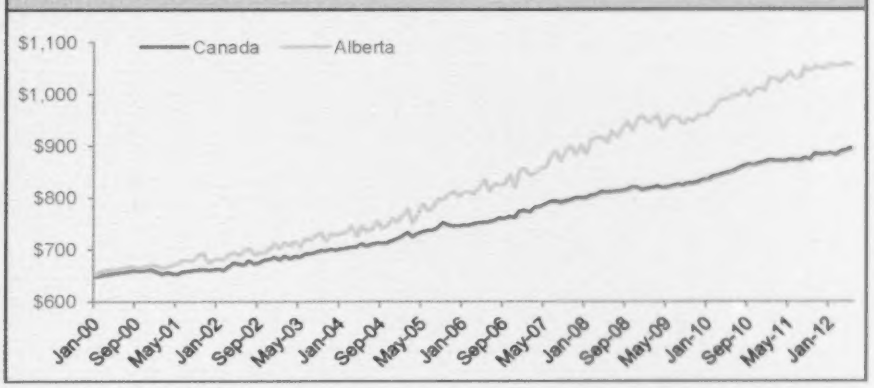


Source: Statistics Canada

Labour Market Math

Labour Force	=	Employment + Unemployment
Participation Rate	=	Labour Force / Population (ages 15+)
Employment Rate	=	Employment / Population (ages 15+)
Unemployment Rate	=	Unemployment / Labour Force

Average Weekly Earnings (AWE)



Source: Statistics Canada

labour force. It can reveal trends such as the impact of an aging population on the supply of available labour.

The number of people ***employed,*** which includes anyone working for pay or in self-employment, is a key gauge of labour market performance. The employment data can be broken down into many categories: by province or region, industry, age, gender, and other classifications. If an economy is adding jobs, it generally signals that businesses conditions are good. If an economy is losing jobs it often indicates a slowing economy. However, employment data, like most labour market data, can be a lagging indicator of the economy. This means that the data often does not change until after a particular trend has emerged in the economy.

Statistics Canada calculates the ***employment rate*** which is the percentage of the working age population (ages 15 years and over) that is employed. This measure can help provide a gauge of labour market opportunities in an economy.

Another key variable in the labour market is the ***unemployment rate,*** which measures the prevalence of unemployment in the economy. This rate is the number of unemployed divided by the labour force. One limitation of the unemployment rate is that it excludes discouraged workers who have given up looking for a job. As a result, the unemployment rate can underestimate how many people want jobs but cannot obtain them or have given up.

Earnings

How much people earn is another important indicator of labour market performance. Earnings also impact consumers' spending and savings decisions as well as businesses costs. There are several measures of people's earnings in Canada, but one of the most widely used is SEPH's ***average weekly earnings*** (AWE). This variable calculates how much the average employee earns in a week before taxes and is based on both how much people earn per hour and how many hours they work per week. This is different from LFS's ***average hourly wage*** rate, which only looks at what the average worker earns per hour and does not account for hours worked. As a result, the amount of hours people work as overtime has a large impact on AWE.

Conclusion

In summary, there are a variety of indicators available to assess the performance of the labour market. Each indicator reveals something different, but together they can provide a comprehensive picture of labour conditions.

Contact:

Alexander Gainer	*780.638.3238*
Mark Parsons	*780.427.8790*
Mark Walker	*780.415.0825*